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## Box makers to go on strike

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Unable to absorb the rising kraft paper prices, the Federation of Corrugated Box Manufacturers of India (FCBMI) with a membership of 1,600 corrugated box manufacturers, has decided to go on a three-day strike starting on June 29 across the country.

The corrugated box manufacturing industry employed around five million people nationally and consumed two million tons of kraft paper per annum doing business worth Rs 10,000 crore. Kraft paper prices, the primary raw material for corrugated boxes, have shot up by more than 25 per cent in the last four months, claimed Hemant Saraogi, president, Eastern India Corrugated Box Manufacturers' Association (EICMA), one of the eleven regional organisations under the Federation.

Coupled with this, there has been a staggering rise in the costs

of other inputs as well, including steel stitching wire, printing ink, energy and transportation costs. This had increased the conversion cost by more than 60 per cent, Saraogi claimed.

In contrast, the box manufacturers have been unable to pass it on to their consumers, the industry houses, said Milan Dey, vice president, EICMA.

Corrugated boxes are primarily used for packaging electronics goods, consumer durables and food products.

The strike would create an impact on the consumers who did not have a huge inventory of boxes and depended on just-in-time delivery, Dey explained. Per day transactions in the industry across the country was around

Rs 350 crore. Prices of boxes were now in the range of Rs10 to Rs100 depending on specifications, and EICMA was looking at a 30 per cent price hike. This apart, it alleged that while the excise duty on corrugated boxes was at the rate of 14 per cent, excise on its prime raw material that comprised 75 per cent of the cost, was lower at eight per cent. FCBMI had already written to the ministry of finance to look into the anomaly. Another option to ensure better margins for box manufacturers was to reduce the current customs duty on import of kraft paper at 10 per cent to at least five per cent or abolish it, said R G Agarwala, chairman, excise and taxation committee of EICMA.